



SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75704; File No. SR-NYSEArca-2015-71)

August 14, 2015

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Options Fee Schedule

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on August 6, 2015, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Options Fee Schedule (“Fee Schedule”). The Exchange proposes to implement the fee change effective August 6, 2015. The text of the proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this filing is to modify the rates that Lead Market Makers and Market Makers are charged for Manual Executions, and to establish tiers for the Firm and Broker Dealer Monthly Firm Cap. The Exchange proposes to implement fee changes effective on August 6, 2015.

First, the Exchange is proposing to increase the rates that Lead Market Makers and Market Makers are charged for Manual Executions. Currently, Lead Market Makers are assessed a fee of \$0.09 per contract, and Market Makers a fee of \$0.16 per contract, for Manual Executions. The Exchange proposes to raise each fee \$0.09 per contract, to \$0.18 for Lead Market Makers, and \$0.25 for Market Makers. With this proposed change, the fee for Market Makers would be the same as the fee charged to Firm and Broker Dealer executions. The Lead Market Maker rate would be increased by the same amount, while maintaining a lower rate for Lead Market Makers because Lead Market Makers pay a monthly Rights Fee and have greater quoting obligations.

Second, the Exchange is proposing to establish tiers for the Firm and Broker Dealer Monthly Firm Cap that are tied to Customer and Professional Customer Monthly Posting Credit Tiers and Qualifications for Executions in Penny Pilot Issues⁴ ("Customer and Professional

⁴ See Fee Schedule, NYSE Arca Options: Trade-Related Charges for Standard Options, Customer and Professional Customer Monthly Posting Credit Tiers and Qualifications for Executions in Penny Pilot Issues (setting forth the monthly volume requirements and credits applied for each tier achieved).

Customer Posting Tiers”). At present, the Exchange places a limit, or cap, of \$100,000 per month on combined Firm Proprietary Fees and Broker Dealer Fees, for transactions clearing in the customer range, if executed in open outcry (Manual Transactions), including fees for QCC transactions executed by a Floor Broker. The Firm Cap excludes Strategy Executions, Royalty Fees, and firm trades executed via a Joint Back Office agreement, and Mini option contracts.

The Exchange proposes to introduce tiered caps, with \$100,000 being the maximum Monthly Firm Cap, which would decrease based on the Firm or Broker Dealer achieving Tier 2 or higher on the Customer and Professional Customer Posting Tiers (“Tiered Firm Caps”). Specifically, the higher Customer and Professional Customer Monthly Posting Credit Tier that a Firm or Broker Dealer achieves, the lower the Tiered Firm Cap, with the Cap getting progressively lower upon achieving higher tiers.

The proposed Tiered Firm Caps and the corresponding Customer and Professional Customer Monthly Posting Credit Tiers are set forth in the table below:

<u>FIRM AND BROKER DEALER MONTHLY FIRM CAP</u>	
<u>TIERS</u>	
<u>CUSTOMER AND</u> <u>PROFESSIONAL</u> <u>CUSTOMER MONTHLY</u> <u>POSTING CREDIT TIER</u> <u>ACHIEVED</u>	<u>FIRM CAP</u>
<u>Base or Tier 1</u>	<u>\$100,000</u>
<u>Tier 2</u>	<u>\$ 85,000</u>
<u>Tier 3</u>	<u>\$ 80,000</u>

<u>Tier 4</u>	<u>\$ 75,000</u>
<u>Tier 5</u>	<u>\$ 70,000</u>
<u>Tier 6</u>	<u>\$ 65,000</u>

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,⁶ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that increasing the fees for Lead Market Maker and Market Maker Manual executions is reasonable and not unfairly discriminatory as it brings Market Maker fees in line with the fees paid by Firms and Broker Dealers that engage in trading activity similar to Market Makers. The Exchange also notes that the proposed rate for Market Makers is still lower than the rate charged by competing options exchanges.⁷ The Exchange also notes that other competing options exchanges likewise similarly charge Market Makers the same transaction fees for manual transactions as Broker Dealers and Firms.⁸ The Exchange also notes

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4) and (5).

⁷ See, e.g., NASDAQ OMX PHLX, available here, <http://www.nasdaqtrader.com/Micro.aspx?id=phlxpricing> (charging market makers \$0.30 per contract for manual executions).

⁸ See, e.g., NYSE Amex Options, available here, https://www.nyse.com/publicdocs/nyse/markets/amex-options/NYSE_Amex_Options_Fee_Schedule.pdf (charging both non-Amex options market makers and broker deals alike \$0.25 per contract for manual executions).

that Market Makers have alternative avenues to reduce transaction fees not available to Firms and Broker Dealers.⁹ The Exchange also believes that is not unfairly discriminatory to assess a lower rate for Lead Market Makers because Lead Market Makers pay Rights Fees and have more burdensome quoting obligations.

The Exchange also believes that the proposal to institute Tiered Firm Caps is reasonable equitable, and not unfairly discriminatory, as the Tiered Firm Caps would not be meaningful to Customers or Professional Customers that are not charged any transaction charges [sic] Manual Executions. The proposed Tiered Firm Caps are also reasonable, equitable and not unfairly discriminatory towards Market Makers, as Market Makers have alternative avenues to reduce transaction fees not available to Firms and Broker Dealers.¹⁰ In addition, the Exchange believes that linking the Tiered Firm Caps to the Customer and Professional Customer Posting Credit Tiers would benefit all market participants because it renders the Caps more achievable, which, in turn encourages additional open outcry order flow, with which Market Makers may interact, once fees are capped.. Further, the proposed change likewise encourages Firms and Broker Dealers to achieve higher monthly Customer and Professional Customer Posting Tiers, which increases liquidity and provides greater opportunities for all market participants to interact with electronic order flow. This additional volume and liquidity would benefit all Exchange participants through increased opportunities to trade as well as enhancing price discovery and price improvement.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

⁹ See Fee Schedule (various credits available to Market Makers for posted monthly volume, including for executions in Penny Pilot Issues and SPY and Market Maker Incentive).

¹⁰ See id.

B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,¹¹ the Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the proposed change would continue to encourage competition, including by attracting a wider variety of business to the Exchange, which would continue to make the Exchange a more competitive venue for, among other things, order execution and price discovery.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)¹² of the Act and subparagraph (f)(2) of Rule 19b-4¹³ thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such

¹¹ 15 U.S.C. 78f(b)(8).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(2).

action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹⁴ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2015-71 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2015-71. This file number should be included on the subject line if e-mail is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between

¹⁴ 15 U.S.C. 78s(b)(2)(B).

the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet website at www.nyse.com. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2015-71, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Robert W. Errett
Deputy Secretary

[FR Doc. 2015-20548 Filed: 8/19/2015 08:45 am; Publication Date: 8/20/2015]

¹⁵ 17 CFR 200.30-3(a)(12).